

Five-unit purchase diligence

Verify units, income and condition before relying on a loan amount or projected return. Mark each document ready, pending or not applicable.

Property / buyer / date prepared / proposed closing

1. Source records and unresolved questions

Document / review	Status	Owner / open question
Legal unit count, zoning, permits and occupancy records		
Current unit-by-unit rent roll, leases and amendments		
Trailing income, expenses and collections reconciliation		
Post-purchase tax estimate and current insurance indication		
Utilities, management and recurring service contracts		
Inspection, immediate repairs and contractor bids		
Title, survey, access and local tenancy questions		
Written debt terms, costs, maturity and prepayment provisions		

2. Verify the five apartments

Unit / approved use	Monthly lease rent	Lease / occupancy / collections issue
1	\$	
2	\$	
3	\$	
4	\$	
5	\$	

3. Capital work and cash timing

Immediate work / priced scope / contingency / rent loss during work

Major future replacement / timing / annual reserve / source of funds

Keep deposits, prepaid rent and seller credits separate from recurring income. A lease does not establish authorized use. Obtain local and professional review where required. Keep resident names and sensitive information out of public worksheets.

Five-unit cash and exit

Enter annual operating amounts. Taxes and insurance belong in operating expenses; debt service here is principal and interest only.

Property / buyer / assumption date

4. Annual operating model

Line	Amount / support
Scheduled monthly rent x 12, less vacancy and collection loss	\$
Plus other collected income = effective gross income	\$
Less taxes, insurance, utilities, management, repairs and other costs	\$
Net operating income before separate replacement reserve	\$
Less replacement reserve = net cash flow for coverage	\$
Annual principal and interest / coverage = net cash flow divided by debt	\$ / ratio
Annual cash after reserve and debt / cash-on-cash return	\$ / %

5. Sources, uses and opening liquidity

Budget / funding	Amount
Price + closing costs + initial work + operating cash = total uses	\$
Purchase loan / buyer contribution = total uses less loan	\$ / \$
Additional obligations / cash remaining after contribution	\$ / \$

6. Downside and maturity decision

Question	Answer / evidence
Vacancy and expense stress / annual cash shortfall / funding source	
Loan maturity / amortization / balance still due	
Supported sale NOI / cap rate / selling costs / net payoff proceeds	
Refinance proceeds after costs / payoff gap / additional cash	
Remaining diligence / condition that changes the purchase decision	

Do not count initial liquidity or capital work twice. A modeled coverage or leverage limit is not approval. Sale proceeds after payoff are equity, not investment profit; account for contributed cash, interim distributions and taxes separately.

[Full guide, interactive calculator and editable spreadsheet](#) | (833) 264-7776